



# Department of Justice

FOR IMMEDIATE RELEASE  
MONDAY, MARCH 16, 2009  
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## **IRANIAN MAN AND HIS COMPANY CHARGED IN INTERNATIONAL SCHEME TO SUPPLY IRAN WITH SENSITIVE U.S. TECHNOLOGY**

WASHINGTON – An Iranian citizen and his Tehran business have been charged with purchasing helicopter engines and advanced aerial cameras for fighter bombers from U.S. firms and illegally exporting them to Iran using companies in Malaysia, Ireland and the Netherlands. Among the alleged recipients of these U.S. goods was an Iranian military firm that has since been designated by the United States for being owned or controlled by entities involved in Iran's nuclear and ballistic missile program.

The charges against Hossein Ali Khoshnevisrad, 55, and his Iranian company, Ariasa, AG (Ariasa), were announced today by Matthew G. Olsen, Acting Assistant Attorney General for National Security; Jeffrey A. Taylor, U.S. Attorney for the District of Columbia; Kevin A. Delli-Colli, Acting Assistant Secretary for Export Enforcement, U.S. Department of Commerce; Joseph Persichini, Jr., Assistant Director in Charge, FBI Washington Field Office; Mark X. McGraw, Special Agent in Charge, Washington Field Office, U.S. Immigration and Customs Enforcement, Department of Homeland Security; and Special Agent in Charge Edward Bradley of the Defense Criminal Investigative Service Northeast Field Office.

Khoshnevisrad was arrested on Saturday, March 14, after he arrived at San Francisco International Airport on a flight from abroad. He made his initial appearance earlier today in federal court in San Francisco.

A criminal complaint filed under seal in federal court in the District of Columbia in August 2008 and unsealed today, charges the defendants each with two counts of unlawfully exporting U.S. goods to Iran and two counts of conspiracy to unlawfully export U.S. goods to Iran in violation of the International Emergency Economic Powers Act and the Iranian Transactions Regulations. If convicted, Khoshnevisrad faces a maximum sentence of 20 years in prison on each of the first three counts of the complaint and a maximum sentence of five years in prison on the fourth count of the complaint.

According to the affidavit in support of the complaint, from January 2007 through December 2007, Khoshnevisrad and Ariasa caused and instructed a trading company in Ireland to purchase several model 250 turbo-shaft helicopter engines from Rolls-Royce Corp. in Indiana. The model 250 engine was originally designed for a U.S. Army light observation helicopter and has since been installed in numerous civil and military helicopters. In 2007, the Irish trading company purchased 17 of the model 250 helicopter engines from Rolls-Royce for \$4.27 million, falsely stating that the helicopters would be used by the Irish trading company or by fake companies.

The affidavit alleges that these helicopter engines were then exported from the United States to a purported "book publisher" in Malaysia, at a Malaysian freight forwarding company

address, and later shipped on to Iran. Among the recipients in Iran was the Iran Aircraft Manufacturing Industrial Company, known by its Iranian acronym as HESA.

On Sept. 17, 2008, the Treasury Department designated several Iranian weapons of mass destruction proliferators and members of their support networks pursuant to Executive Order 13382. Among the entities designated was HESA, which the Treasury Department determined was controlled by Iran's Ministry of Defense and Armed Forces Logistics and has provided support to the Iranian Revolutionary Guard Corps.

In addition to the alleged illegal export of helicopter engines, the affidavit alleges that Khoshnevisrad and Ariasa also caused to be exported to Iran several aerial panorama cameras from the United States. These specific cameras were designed for the U.S. Air Force for use on bombers, fighters and surveillance aircraft, including the F-4E Phantom fighter bomber, which is currently used by the Iranian military.

According to the affidavit, in 2006, Khoshnevisrad instructed a Dutch aviation parts company to place an order for these cameras with a U.S. company located in Pennsylvania and to ship them to an address in Iran.

According to the affidavit, the Dutch company ordered the aerial panorama cameras from the Pennsylvania firm, falsely stating that the Netherlands would be the final destination for the cameras. In an email to the Dutch company, Khoshnevisrad provided the following instructions: "Regarding the end user as you know USA will not deliver to Iran in any case. You should give them an end user by yourself."

In August 2006, a representative of the Dutch company notified Khoshnevisrad that he had received the cameras from the United States and that the cameras would soon be shipped to Tehran aboard an Iran Air flight, according to the affidavit.

Despite these alleged transactions, neither Khoshnevisrad nor Ariasa has ever sought, obtained or possessed any authorization or license from the U.S. Department of Treasury to export any goods or technology to Iran, according to the affidavit.

This investigation was conducted by special agents from the Department of Commerce's Bureau of Industry Security, Office of Export Enforcement; the Federal Bureau of Investigation; the Department of Homeland Security's U.S. Immigration and Customs Enforcement; and the Defense Criminal Investigative Service. U.S. Customs and Border Protection provided assistance in the arrest.

The case is being prosecuted by Assistant U.S. Attorneys Denise Cheung and Ann Petalas of the U.S. Attorney's Office for the District of Columbia, and Trial Attorneys Johnathan Poling and Ryan Fayhee of the Counterespionage Section of the Justice Department's National Security Division. Local coordination is being provided by Assistant U.S. Attorney Candace Kelly of the U.S. Attorney's Office for the Northern District of California.

The details contained in a criminal complaint are mere allegations. All defendants are presumed innocent unless and until proven guilty in a court of law.

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